

CAPRIUS INC
Form S-1/A
June 30, 2008

Table of Contents

As filed with the Securities and Exchange Commission on June 30, 2008
Registration No. 333-141647

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
PRE-EFFECTIVE AMENDMENT – NO. 3
TO
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CAPRIUS, INC.

(Exact name of registrant as specified in its charter)

Delaware	3845	22-2457487
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

One University Plaza, Suite 400
Hackensack, New Jersey 07601
(201) 342-0900

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jonathan Joels
Treasurer and Chief Financial Officer
One University Plaza, Suite 400
Hackensack, New Jersey 07601
(201) 342-0900

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
Bruce A. Rich, Esq.
Thelen Reid Brown Raysman & Steiner LLP
875 Third Avenue
New York, New York 10022
(212) 603-2000

Approximate Date of Commencement of Proposed Sale to the Public: from time to time after the effective date of this Registration Statement as determined by market conditions and other factors.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: x

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input checked="" type="radio"/>

(Do not check if a smaller reporting company)

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

Explanatory Note

The Company has simultaneously filed Pre-Effective Amendment No. 2 on Form S-1 to a Registration Statement (No.333-148792) for 11,366,760 shares of its Common Stock underlying Series F Convertible Preferred Stock and warrants issued in its December 2007 Series F Preferred Stock Placement.

In addition, the Company has registered 2,646,121 shares of its Common Stock underlying shares of its Series C Convertible Preferred Stock and warrants issued in its 2005 Series C Preferred Stock Placement under Post-Effective Amendment No. 3 to Form SB-2 (No. 333-124096) declared effective on November 13, 2007, and 3,176,281 shares of its Common Stock underlying shares of its Series D Convertible Preferred Stock and warrants issued in its 2006 Series D Preferred Stock Placement under Post-Effective Amendment No. 2 to Form SB-2 (No. 333-132489), declared effective on November 13, 2007.

Table of Contents

SUBJECT TO COMPLETION JUNE 30, 2008

The information in this prospectus is not complete and may be changed. The selling stockholders may not sell these securities until the registration filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and neither we nor the selling stockholders are soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS

9,557,500 shares of Common Stock

CAPRIUS, INC.

This prospectus relates to the sale or other disposition by the selling stockholders identified on pages 38 to 42 of this prospectus, or their transferees, of up to 9,557,500 shares of our common stock, including (i) 500,000 shares outstanding, (ii) 5,750,000 shares underlying shares of Series E Preferred Stock and (iii) 3,307,500 shares issuable upon exercise of warrants. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices.

We will receive no proceeds from the sale or other disposition of the shares, or interests therein, by the selling stockholders. However, we will receive proceeds in the amount of \$1,672,000 assuming the cash exercise of all of the warrants held by the selling stockholders, subject to certain of the warrants being exercised under a “cashless exercise” right.

Our common stock is traded on the over-the-counter electronic bulletin board. Our trading symbol is CAPS. On June 23, 2008, the last bid price as reported was \$0.25 per share.

The selling stockholders, and any participating broker-dealers may be deemed to be “underwriters” within the meaning of the Securities Act of 1933, and any commissions or discounts given to any such broker-dealer may be regarded as underwriting commissions or discounts under the Securities Act. The selling stockholders have informed us that they do not have any agreement or understanding, directly or indirectly, with any person to distribute their common stock.

Brokers or dealers effecting transaction in the shares should confirm the registration of these securities under the securities laws of the states in which transactions occur or the existence of our exemption from registration.

An investment in shares of our common stock involves a high degree of risk. We urge you to carefully consider the Risk Factors beginning on page 6.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

July __, 2008

Table of Contents

TABLE OF CONTENTS

Page

<u>PROSPECTUS SUMMARY</u>	2
<u>RISK FACTORS</u>	6
<u>FORWARD LOOKING STATEMENTS</u>	11
<u>USE OF PROCEEDS</u>	12
<u>DIVIDEND POLICY</u>	12
<u>MARKET FOR OUR COMMON STOCK</u>	12
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	13
<u>BUSINESS</u>	19
<u>MANAGEMENT</u>	29
<u>SECURITY OWNERSHIP</u>	33
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	33
<u>DESCRIPTION OF SECURITIES</u>	33
<u>SELLING STOCKHOLDERS</u>	38
<u>PLAN OF DISTRIBUTION</u>	41
<u>LEGAL MATTERS</u>	43
<u>EXPERTS</u>	44
<u>AVAILABLE INFORMATION</u>	44
<u>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</u>	F-1

No dealer, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Prospectus in connection with the offering made by this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or the selling stockholders. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than those specifically offered hereby or an offer to sell or a solicitation of an offer to buy any of these securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation. Except where otherwise indicated, this Prospectus speaks as of the effective date of the Registration Statement. Neither the delivery of this Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all the information that you should consider before investing in the common stock. You should carefully read the entire prospectus, including “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Consolidated Financial Statements, before making an investment decision.

THE COMPANY

Background

Caprius, Inc. is engaged in the infectious medical waste disposal business. In the first quarter of Fiscal 2003, we acquired a majority interest in M.C.M. Environmental Technologies, Inc. (“MCM”), which developed, markets and sells the SteriMed and SteriMed Junior compact systems (together, the “SteriMed Systems”) that simultaneously shred and disinfect regulated medical waste (“RMW”). The SteriMed Systems are sold and leased in both the domestic and international markets.

Our principal business office is located at One University Plaza, Suite 400, Hackensack, New Jersey 07601, and our telephone number at that address is (201) 342-0900. We also have business operations located in Israel. Our internet website is www.caprius.com. The information contained on our website is not incorporated by reference in this prospectus and should not be considered a part of this prospectus.

In this prospectus, “Caprius,” the “Company,” “we,” “us” and “our” refer to Caprius, Inc. and, unless the context otherwise indicates, our subsidiary MCM.

History

We were founded in 1983 and until June 1999 essentially operated in the business of developing specialized medical imaging systems, as well as operating a comprehensive breast imaging center. In June 1999, we ceased the operations of developing the imaging systems and acquired Opus Diagnostics, Inc. and began manufacturing and selling medical diagnostic assays constituting the therapeutic drug monitoring (“TDM”) Business. In October 2002, we sold the TDM business to Seradyn, Inc. The imaging center was sold in September 2003.

Acquisition of M.C.M. Environmental Technologies, Inc.

In December 2002, we closed the acquisition of our initial investment of 57.53% of the capital stock of MCM for a purchase price of \$2.4 million. MCM wholly-owns MCM Environmental Technologies Ltd., an Israeli corporation, which initially developed the SteriMed Systems. Upon closing, our designees were elected to three of the five seats on MCM’s Board of Directors, with George Aaron, our then chairman, and Jonathan Joels, our CFO, filling two seats. Additionally, as part of the acquisition, certain debt of MCM to its existing stockholders and to certain third-parties was converted to equity in MCM or restructured. Pursuant to our Letter of Intent with MCM, we had provided MCM with loans totaling \$565,000, which loans were repaid upon closing by a reduction in the cash portion of the purchase price. As a result of performance adjustments, the conversion of various loans we made to MCM and our meeting cash calls made by MCM, our interest in MCM has increased to 96.66%.

SteriMed Systems

We developed and market worldwide the SteriMed and SteriMed Junior compact units. These units simultaneously shred and disinfect RMW, reducing its volume up to 90%, and rendering it harmless for disposal as ordinary

waste. The SteriMed Systems are patented, environmentally-friendly, on-site disinfecting and destruction units that can process regulated clinical waste, including sharps, dialysis filters, pads, bandages, plastic tubing and even glass, in a 15 minute cycle. The units, comparable in size to a washer-dryer, simultaneously shred, grind, mix and disinfect the waste with the proprietary Ster-Cid® solution. After treatment, the material may be discarded as conventional solid waste, in accordance with appropriate regulatory requirements.

Table of Contents

The SteriMed Systems enable generators of RMW, such as clinics and hospitals, to significantly reduce cost for treatment and disposal of RMW, eliminate the potential liability associated with the regulated “cradle to grave” tracking system involved in the transport of RMW, and treat in-house RMW on-site in an effective, safe and easy manner. As the technology for disinfection is chemical-based, within the definitions used in the industry, it is considered as an alternative treatment technology.

The SteriMed Systems are comprised of two different sized units. The larger SteriMed can treat up to 18.5 gallons (70 liters) of medical waste per cycle. The smaller version, the SteriMed Junior, can treat 4 gallons (15 liters) per cycle.

Ster-Cid® is our proprietary disinfectant solution required for use with both units of the SteriMed Systems. Ster-Cid® is biodegradable and is registered with the U.S. Environmental Protection Agency (“U.S. EPA”) in accordance with the Federal Insecticide, Fungicide, Rodenticide Act of 1972 (“FIFRA”). During the SteriMed disinfecting cycle, the concentration of Ster-Cid® is approximately 0.5% of the total volume of liquids. The Ster-Cid® disinfectant in conjunction with the SteriMed Systems has been tested in independent laboratories. Results show that disinfection levels specified in the U.S. EPA guidance document, “Report on State and Territorial Association on Alternate Treatment Technologies” (“STAATT”), are met. Furthermore, it is accepted by the waste water treatment authorities to discharge the SteriMed effluent containing a low concentration of the disinfectant into the sewer system. STAATT is a worldwide organization involved in setting criteria for efficacy of alternative medical waste treatment technologies.

Both SteriMed units are safe and easy to operate requiring only a half day of training. Once the cycle commences, the system is locked, and water and Ster-Cid® are automatically released into the treatment chamber. The shredding, grinding and mixing of the waste is then initiated exposing all surfaces of the medical waste to the chemical solution during a processing cycle which takes approximately 15 minutes. At the end of each cycle, the disinfected waste is ready for disposal as regular solid waste.

In the United States, the initial focus of marketing the SteriMed Systems has been to dialysis clinics. We have also begun initial installations in other new sectors such as surgical centers, laboratories, plasmapheresis centers, and hospitals. Other potential markets include blood banks, cruise ships and military medical facilities.

Internationally, we continue to market our SteriMed Systems both directly and indirectly through distributors. Our distributors are trained by us to enable them to take on the responsibility for the installation and maintenance that are required for the SteriMed Systems.

RECENT DEVELOPMENTS

On December 6, 2007, we closed a private placement of 78,334 shares of Series F Convertible Preferred Stock (“Series F Preferred Stock”) and warrants to ten investors for gross proceeds of \$4,700,000, or net proceeds of \$4,400,000 after payment of \$240,000 to the placement agent and other expenses aggregating approximately \$60,000. Each share of Series F Preferred Stock, which has a stated value of \$60 per share, as of May 31, 2008, was convertible into 100 shares of our common stock (the equivalent of \$0.60 per common share), or an aggregate of 7,833,400 shares of common stock. The holders have the right to convert their shares at any time, while we have the right to require mandatory conversion only if after the effective date of a Securities Act registration statement covering the underlying shares of common stock (i) the closing bid price of the common stock for 15 trading days in any 20 consecutive trading day period exceeds \$1.20 per share and (ii) the average daily trading volume during such 20 trading day period exceeds 30,000 shares a day. An annual dividend accrues at the rate of \$3.24 per share. The liquidation and dividend rights of the holders of the Series F Preferred Stock rank pari passu with those of the holders of our Series E Preferred Stock and Series D Preferred Stock. The warrants are for the purchase of 3,133,360 shares of common stock at an

exercise price of \$0.80 per share, exercisable for five years, with the right of cashless exercise. We do not have the right to call the warrants. Both the Series F Preferred Stock and the warrants contain anti-dilution provisions, including price dilution upon certain issuances by us of shares of common stock or granting rights to purchase our common stock at prices less than the applicable conversion price or exercise price. At the time we agreed to the pricing of this placement, the market price of our common stock was \$0.75 per share. Private placements, especially for low priced securities, are usually placed at discounts from the current market prices. The pricing of the Series E Preferred Stock and the exercise price of the warrants were negotiated based upon their relationships to the then market price. At closing, the total market value of the common stock underlying the Series F Preferred Stock and the warrants was \$8,225,070 (prior to us receiving \$2,506,688 upon cash exercise of the warrants).

Table of Contents

As part of this placement, we entered into Registration Rights Agreements with the investors whereby we are obligated to register all of their underlying shares of common stock within specified time periods. We have filed a separate registration statement in fulfillment of our obligation under such Agreements.

PRIOR PRIVATE PLACEMENTS

On March 1, 2007, we closed a private placement of 10,000 shares of Series E Convertible Preferred Stock (“Series E Preferred Stock”) and warrants to six investors for gross proceeds of \$2,500,000. As of May 31, 2008, each of the 9,200 outstanding shares of the Series E Preferred Stock, which has a stated value of \$250 per share, was convertible into 625 shares of our common stock, (the equivalent of \$0.40 per share), or an aggregate of 5,750,000 shares of common stock). The holders have the right to convert their shares at any time, while we have the right to require mandatory conversion only if after the effective date of the registration statement of which this prospectus is a part (i) the closing bid price of the common stock for 15 trading days in any 20 consecutive trading day period exceeds \$0.80 per share and (ii) the average daily trading volume during the 20 trading day period exceeds 30,000 per share. As of October 1, 2007, an annual dividend accrues at a rate of \$13.50 per share. The liquidation and dividend rights of the holders of the Series E Preferred Stock rank pari passu with those of the holders of our Series D and Series F Preferred Stock. The warrants are for the purchase of 3,125,000 shares of common stock at an exercise price of \$0.50 per share, exercisable for five years, with the right of cashless exercise. We do not have the right to call the warrants. The anti-dilution rights of the holders of the Series E Preferred Stock and related warrants are similar to those of the holders of the Series F Preferred Stock and related warrants, respectively. During the negotiation of the terms of this placement, the market price of our common stock increased from \$0.45 per share to \$0.60 per share at the time of the pricing. At closing, the total market value of the common stock underlying the Series E Preferred Stock and the related warrants was \$5,625,000 (prior to us receiving \$1,562,500 upon cash exercise of the warrants). As part of this placement, we entered into Registration Rights Agreements with the investors whereby we are obligated to register their underlying shares of common stock. The registration statement of which this prospectus is a part has been filed pursuant to such Agreements, see “Selling Stockholders.”

In February 2006, we received gross proceeds of \$3.0 million upon issuance of 241,933 shares of Series D Convertible Preferred Stock and warrants for the purchase of 850,751 shares of common stock at exercise prices ranging from \$0.90 to \$2.00 per share. As of May 31, 2008, each of the 172,933 outstanding shares of Series D Convertible Preferred Stock was convertible into 19.42 shares of common stock, or an aggregate of 3,358,459 shares of common stock, after giving effect to prior anti-dilution adjustments thereon.

In February 2005, we received gross proceeds of \$4.5 million upon issuance of Series C Convertible Preferred Stock and warrants for the purchase of 2,569,357 shares of common stock at exercise prices ranging from \$0.93 to \$5.60 per share, after giving effect to anti-dilution adjustments thereon. In April 2005, all of the Series C Preferred Stock was converted into common stock.

THE OFFERING

<p>Securities Covered Hereby</p>	<p>9,557,500 shares, includes 500,000 shares outstanding, 5,750,000 shares underlying Series E convertible preferred stock and 3,307,500 shares subject to warrants, including warrants for 182,500 shares of common stock granted to the placement agent and advisors on the March 2007 placement</p>
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Common Stock Outstanding Prior to the Offering 4,776,902 shares

4

Table of Contents

Common Stock to be Outstanding after the Offering 13,834,402 shares, assuming the selling stockholders convert the portion of their Series E Convertible Preferred Stock included herein and exercise all their warrants, and no conversion of other series of outstanding preferred stock nor exercise of the other outstanding warrants and options.

Use of Proceeds We will receive no proceeds from the sale or other disposition of the shares of common stock covered hereby by the selling stockholders. However, we will receive \$1,672,000 if all of the warrants for underlying shares included in this prospectus are exercised for cash. We will use these proceeds for general corporate purposes.

OTC Electronic Bulletin Board Symbol "CAPS"

RISK FACTORS

See "RISK FACTORS" for a discussion of the above factors and certain additional factors that should be considered in evaluating an investment in the common stock.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following selected financial information is derived from the Consolidated Financial Statements appearing elsewhere in this prospectus and should be read in conjunction with the Consolidated Financial Statements, including the notes thereto, appearing elsewhere in this prospectus.

Summary of Operations	Years ended September 30,		Six months ended March 31, (Unaudited)	
	2007	2006	2008	2007
Total revenues	\$ 2,664,404	\$ 1,235,469	\$ 1,788,673	\$ 1,148,021
Net loss	(3,249,673)	(3,396,041)	(2,138,897)	(1,570,884)
Net loss per common share (basic and diluted)	\$ (0.87)	\$ (1.02)	\$ (0.53)	\$ (0.43)
Weighted average common shares outstanding, basic and diluted	3,716,252	3,321,673	4,066,315	3,626,398
Statement of Financial Position	As of September 30,		As of March 31, (Unaudited)	

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	2007	2006	2008	2007
Cash and cash equivalents	\$ 634,657	\$ 1,068,954	\$ 2,681,466	\$ 1,895,129
Total assets	2,884,695	2,777,020	5,222,867	3,970,169
Working capital	1,153,116	1,653,302	3,577,035	2,626,861
Long-term debt	-	-	-	-